

**SOVEREIGN MINES OF AFRICA PLC**

**INTERIM REPORT AND UNAUDITED INTERIM FINANCIAL  
INFORMATION**

**FOR THE SIX MONTHS ENDED 4 JULY 2012**

# SOVEREIGN MINES OF AFRICA PLC

## CHAIRMAN'S STATEMENT

Dear Shareholder

The Company reported a net loss of £179,098 for the six month period ended 4 July 2012. As permitted by Section 390 (3), Companies Act 2006, the reporting period has been extended from 30 June 2012 to include the issue of 29 million new shares to Praetorian Resources Limited, as further described below. The Directors consider that a period to 4 July 2012 more accurately reflects the company's financial position at the half year and gives clearer information to shareholders.

On 4 July the Company issued 29 million new shares at 6p per share to Praetorian Resources Limited in exchange for £640,000 in cash and 2.2 million shares in Praetorian. As a result Praetorian, which is an AIM listed Fund, focusing on quoted small cap mining and energy stocks, now holds 14.9% of Sovereign Mines Of Africa's share capital.

On 8 August the Company reported the results of its second phase of drilling at Mandiana, consisting of 35 reverse circulation holes totalling 4,950 square metres. These exciting results confirmed the gold mineralisation discovered in last year's drilling programme and full details are shown on the Company's web site [www.sovmines.com](http://www.sovmines.com)

In the meantime, further initial exploration work has been carried out at the Dalagna and Marela properties. The samples collected are currently being analysed and it is intended that the results will be announced next month.

The Board is now planning the next stage of drilling at Mandiana and examining various methods of funding with a view to achieving its aim of delineating a large bulk-mineable economic resource.

**David B. Pearl FCA**  
**Chairman**  
**26 September 2012**

SOVEREIGN MINES OF AFRICA PLC

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME

Six months ended 4 July 2012

	Notes	Six months ended 4/07/12 unaudited £	Six months ended 30/06/11 unaudited £	Year ended 31/12/11 audited £
Administrative expenses – (operating loss)		(181,288)	(136,090)	(334,016)
Interest receivable		2,190	2,478	6,037
<b>Loss on ordinary activities before taxation</b>		<u>(179,098)</u>	<u>(133,612)</u>	<u>(327,979)</u>
Tax on loss on ordinary activities		-	-	-
<b>Loss for the financial period</b>		<u>(179,098)</u>	<u>(133,612)</u>	<u>(327,979)</u>
Other comprehensive income		-	-	-
<b>Total comprehensive income for the period</b>		<u>(179,098)</u>	<u>(133,612)</u>	<u>(327,979)</u>
<b>Loss for the period and Total comprehensive loss attributable to:</b>				
Owners of the parent		(179,098)	(133,612)	(327,979)
Non-controlling interest		<u>-</u>	<u>-</u>	<u>-</u>
		<u>(179,098)</u>	<u>(133,612)</u>	<u>(327,979)</u>
<b>Loss per ordinary share (pence) – From continuing operations: basic and diluted</b>	4	(0.11)p	(0.09)p	(0.21)p

**SOVEREIGN MINES OF AFRICA PLC**

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION AS AT 4 JULY 2012**

	Note	As at 4/07/12 Unaudited £	As at 30/06/11 Unaudited £	As at 31/12/11 Audited £
<b>FIXED ASSETS</b>				
Intangible assets		2,585,376	1,070,170	1,763,249
		<u>2,585,376</u>	<u>1,070,170</u>	<u>1,763,249</u>
<b>CURRENT ASSETS</b>				
Financial assets at fair value through profit and loss		1,100,000	-	-
Cash and cash equivalents		891,186	1,333,841	1,219,947
		<u>1,991,186</u>	<u>1,333,841</u>	<u>1,219,947</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		(102,683)	(34,157)	(50,219)
		<u>1,888,503</u>	<u>1,299,684</u>	<u>1,169,728</u>
<b>NET CURRENT ASSETS</b>				
		<u>1,888,503</u>	<u>1,299,684</u>	<u>1,169,728</u>
<b>NET ASSETS</b>				
		<u>4,473,879</u>	<u>2,369,854</u>	<u>2,932,977</u>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>				
Share capital		1,946,922	1,531,922	1,656,922
Share premium account		4,152,508	2,090,018	2,722,508
Reconstruction reserve		(586,100)	(586,100)	(586,100)
Retained earnings		(1,039,451)	(665,986)	(860,353)
		<u>4,473,879</u>	<u>2,369,854</u>	<u>2,932,977</u>
<b>TOTAL EQUITY</b>				
		<u>4,473,879</u>	<u>2,369,854</u>	<u>2,932,977</u>
Net assets per share (pence) - basic	5	<u>2.30p</u>	<u>1.55p</u>	<u>1.77p</u>

**SOVEREIGN MINES OF AFRICA PLC**

**UNAUDITED CONSOLIDATED CASH FLOW STATEMENT**  
**Six months ended 30 June 2012**

	Six months to 4/07/12 Unaudited £	Six months to 30/06/11 Unaudited £	Year ended 31/12/11 Audited £
<b>Net cash outflow from operating activities</b>	3 (128,824)	(145,527)	(327,391)
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets	(822,127)	(642,258)	(1,335,337)
	<u>(822,127)</u>	<u>(642,258)</u>	<u>(1,335,337)</u>
<b>Cash flows from financing activities</b>			
Net proceeds from issue of share capital	620,000	1,203,926	1,961,416
Interest received	2,190	2,478	6,037
	<u>622,190</u>	<u>1,206,404</u>	<u>1,967,453</u>
<b>Net increase in cash and cash equivalents</b>	(328,761)	418,619	304,725
<b>Cash and cash equivalents at beginning of period</b>	1,219,947	915,222	915,222
<b>Cash and cash equivalents at end of period</b>	<u>891,186</u>	<u>1,333,841</u>	<u>1,219,947</u>

## SOVEREIGN MINES OF AFRICA PLC

### UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY Six months ended 4 July 2012

	Share capital £	Share premium £	Reconstruction reserve £	Retained earnings £	Shares To be issued	Total £
At 1 January 2011	1,399,022	1,018,992	(586,100)	(532,374)	-	1,299,540
Loss and total comprehensive income for six months ended 30 June 2011	-	-	-	(133,612)	-	(133,612)
Issue of shares, net of share issue costs	132,900	1,071,026	-	-	-	1,203,926
At 30 June 2011	<u>1,531,922</u>	<u>2,090,018</u>	<u>(586,100)</u>	<u>(665,986)</u>	<u>-</u>	<u>2,369,854</u>
Loss and total comprehensive income for six months ended 31 December 2011	-	-	-	(194,367)	-	(194,367)
Issue of shares, net of share issue costs	125,000	632,490	-	-	-	757,490
At 31 December 2011	<u>1,656,922</u>	<u>2,722,508</u>	<u>(586,100)</u>	<u>(860,353)</u>	<u>-</u>	<u>2,932,977</u>
Loss and total comprehensive income for six months ended 30 June 2012	-	-	-	(179,098)	-	(179,098)
Issue of shares, net of share issue costs	290,000	1,430,000	-	-	-	1,720,000
At 4 July 2012	<u><u>1,946,922</u></u>	<u><u>4,152,508</u></u>	<u><u>(586,100)</u></u>	<u><u>(1,039,451)</u></u>	<u><u>1,740,000</u></u>	<u><u>4,473,879</u></u>

# SOVEREIGN MINES OF AFRICA PLC

## Notes to the consolidated financial information

### Six months ended 4 July 2012

#### 1. GENERAL

The interim financial information for the six month period ended 4 July 2012 are unaudited and were approved by the Directors of the Company on 26 September 2012. The condensed financial information set out above does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The financial information contained in this report in respect of the annual financial statements for the year ended 31 December 2011 has been extracted from the report and financial statements for that year which have been filed with the Registrar of Companies. The report of the auditors on those accounts did not contain a statement under section 498(2) or (3) of the Companies Act 2006 and was not qualified, although it included an emphasis of matter in respect of going concern.

The interim financial information is unaudited and has not been reviewed by the auditors.

The Company's operations are not subject to seasonality or cyclicity.

No dividend has been declared or paid in this interim period.

#### 2. ACCOUNTING POLICIES

The principal accounting policies and methods of computation have remained unchanged from those used in the preparation of the Company's 2011 annual financial statements and are expected to be used for the company's 2012 annual financial statements.

#### 3. CASH FLOWS FROM OPERATING ACTIVITIES

	Six months to 4/07/12 Unaudited £	Six months to 30/06/11 Unaudited £	Year ended 31/12/11 Audited £
Loss before taxation	(179,098)	(133,612)	(327,979)
Adjustments for:			
Interest income	(2,190)	(2,478)	(6,037)
	<u>(181,288)</u>	<u>(136,090)</u>	<u>(334,016)</u>
Increase/(decrease) in payables	52,464	(9,437)	6,625
Net cash from operating activities	<u>(128,824)</u>	<u>(145,527)</u>	<u>(327,391)</u>

# SOVEREIGN MINES OF AFRICA PLC

## Notes to the condensed financial information

Six months ended 4 July 2012

### 4. LOSS PER SHARE

	Six months to 4/07/12 Unaudited	Six months to 30/06/11 Unaudited	Year ended 31/12/11 Audited
Weighted average number of ordinary shares in issue	<b>165,692,183</b>	<b>147,685,277</b>	<b>155,838,073</b>
(Loss)/profit after taxation	<b>£(179,098)</b>	<b>£(133,612)</b>	<b>£(327,979)</b>
(Loss)/earnings per share	<b>(0.11)p</b>	<b>(0.09)p</b>	<b>(0.21)p</b>

Due to there being a loss during the period the share options are anti-dilutive and therefore no diluted loss per share has been presented.

### 5. NET ASSET VALUE PER SHARE

The “basic” net asset value per share figures are calculated on the basis of the net assets attributable to equity shareholders divided by the number of ordinary shares in issue at the relevant dates of 194,692,183 (30 June 2011: 153,192,183: 31 December 2011: 165,692,183).

### 6. PRAETORIAN RESOURCES PLC

On 4 July 2012, pursuant to an Exchange Agreement with Praetorian Resources Limited (Praetorian), the Company issued 18,333,333 ordinary shares of 1p each at a premium of 5p per share to Praetorian in exchange for 2,200,000 Praetorian ordinary shares of nil par value and pursuant to a Subscription Agreement with Praetorian, the Company issued 10,666,667 ordinary shares of 1p each for cash at a premium of 5p per share.

### 7. COPIES OF INTERIM REPORT

Copies of the interim report are available to the public free of charge from the Company at 2<sup>nd</sup> Floor, New Penderel House, 283–288 High Holborn, London WC1V 7HP during normal office hours, Saturdays and Sundays excepted, for 14 days from today and are available on the website at [www.sovmines.com](http://www.sovmines.com).